

HCS SB 394 -- BUSINESS CORPORATIONS AND PARTNERSHIPS

SPONSOR: Bartle (Byrd)

COMMITTEE ACTION: Voted "do pass by consent" by the Committee on Judiciary by a vote of 18 to 0.

This substitute makes several changes relating to business entities. In its main provisions, the substitute:

- (1) Allows a corporation to confer the power to vote upon holders of bonds, debentures, or other obligations;
- (2) Gives a shareholder with voting shares who objects to a merger or consolidation the right to appraisal if the objection is filed prior to the meeting of shareholders;
- (3) Allows a corporation to adopt a provision in its articles renouncing any interest in specified business opportunities;
- (4) Authorizes domestic general partnerships to merge or consolidate with other business entities and establishes a procedure for approving a merger or consolidation;
- (5) Establishes a procedure approving a domestic limited partnership merger or consolidation; and
- (6) Establishes that the remedy available pursuant to Section 351.455, RSMo, will be the exclusive remedy only when shareholders have exercised their right to appraisal or have affirmatively elected to accept the offered consideration (except in cases of fraud or lack of authorization for the transaction).

The substitute also creates the Missouri Corporate Governance Act relating to the regulation of securities in the state. The substitute:

- (1) Requires corporations with at least 25 Missouri investors to have one independent director on their board of directors before their securities can be sold in Missouri;
- (2) Prohibits corporations with at least 25 Missouri investors from making loans to their officers or directors;
- (3) Prohibits the destruction of any evidence or documents relating to any securities investigation; and
- (4) Authorizes the Commissioner of Securities to enforce the act.

FISCAL NOTE: No impact on state funds.

PROPONENTS: Supporters say that the bill makes needed improvements to corporate law.

Testifying for the bill were Senator Bartle; and John Welge, Bryan Cave, LLP.

OPPONENTS: There was no opposition voiced to the committee.

Julie Jinkens McNitt, Legislative Analyst